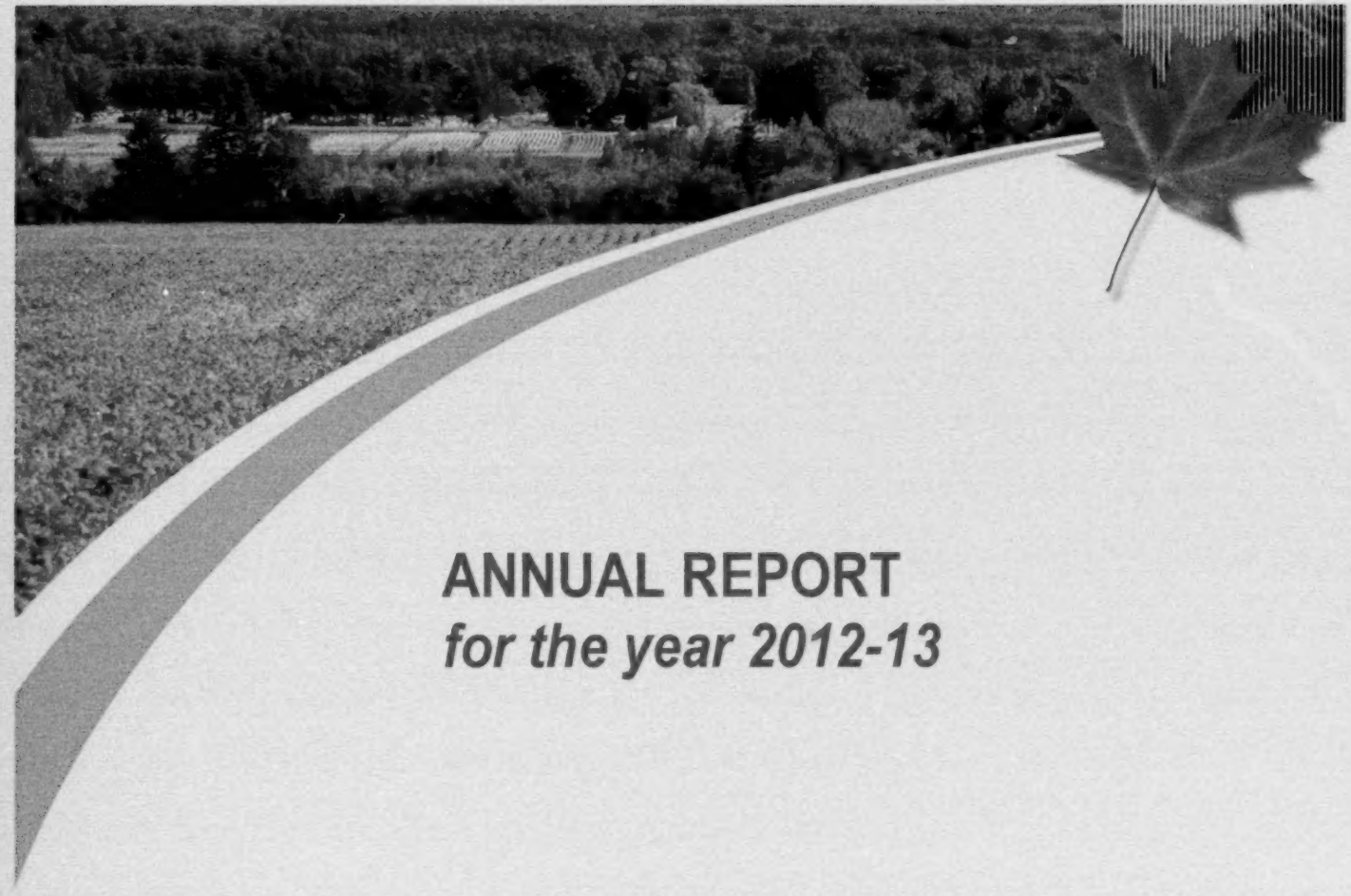


ANNUAL REPORT
for the year 2012-13

The Nova Scotia Crop and Livestock Insurance Commission

Canada

Growing Forward
A federal-provincial-territorial initiative

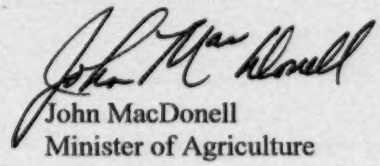
NOVA SCOTIA

His Honour
Brigadier-General The Honourable J.J. Grant
Lieutenant-Governor of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2013.

I am, Your Honour,
Yours very truly,



John MacDonell
Minister of Agriculture

The Honourable John MacDonell
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the fortieth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2013. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission

A. Bentley
Chair

B. MacLeod
CEO

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COMMISSION OFFICERS

BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumb. Co.

George C. Smith, Vice-Chair
Saltsprings, Pictou Co.

Greg Coldwell
Port Williams, Kings Co.

James Baillie
Tatamagouche, Colchester Co.

R. Michael Walsh
Berwick, Kings Co.

PRINCIPAL OFFICERS:

B. MacLeod	-	CEO
T.D. Mitchell	-	Secretary
H.D. Black	-	Accounting Clerk
C.V. Selig	-	Clerk
G.D. Macintosh	-	Supervisor, Field Services
A. Parsons-Lushington	-	Research and Development Coordinator
M. Stevenson	-	Database Administrator

AUDITOR:

Auditor General - Province of Nova Scotia

SOLICITORS:

B. Kerr / William Laurence
C. Thompson

FIELD STAFF:

M.J. Blenkhorn
J.M. Peill
G. Thyssen

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978 and in 2005 to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture.

The Commission administers crop insurance coverage to 14 crop insurance plans and a dairy and poultry livestock insurance program.

Since 2008 the Commission administered the Canada/Nova Scotia Wildlife Compensation Program.

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers insurance-based programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

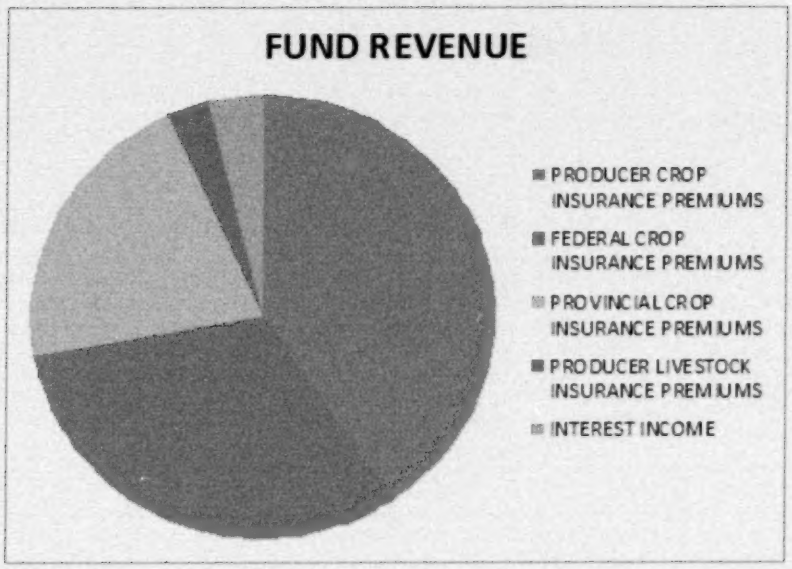
In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canada-Nova Scotia Bilateral Growing Forward Agreement. Crop and Livestock Insurance in Nova Scotia is delivered under the authority of the Crop and Livestock Insurance Act.

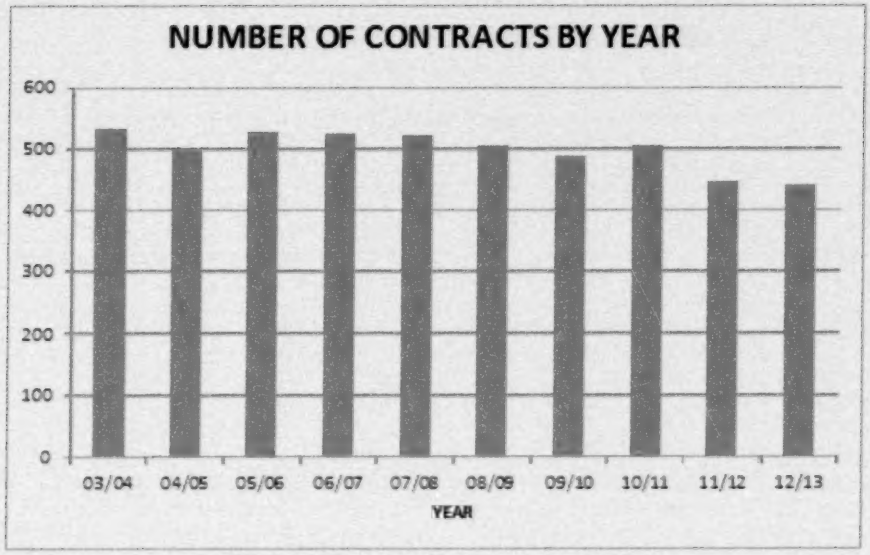
The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance and wildlife compensation. Administration expenses for other programs administered by the Commission are the responsibility of the Province.

For 2012-2013, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.



INSURANCE PLANS IN FORCE

Spring Grain	-	oats, barley, wheat, and mixed grain
Winter Grain	-	rye, wheat, triticale
Tree Fruit	-	apples, pears, peaches
Tree Insurance	-	apples, pears
Corn	-	silage, grain, high moisture
Blueberries	-	lowbush and highbush blueberries
Strawberries	-	June Bearing, Day Neutral
Raspberries	-	
Forage	-	establishment year
Soybeans	-	soybeans, canola, sunflowers
Potatoes	-	processing, seed, table
Vegetables	-	broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas and winter squash
Weather Derivative	-	
Maple	-	
Dairy	-	dairy cows, heifers and calves; loss of income benefit
Poultry	-	broilers, pullets, layers, breeders



FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

For yield based plans, each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no past records are available, a bench mark, either provincial or industry averages, is used.

For non-yield based plans (weather) the guarantee is based on other specific measureables, such as total precipitation (or lack of) for a specified area which is known to result in a loss of crop production or quality.

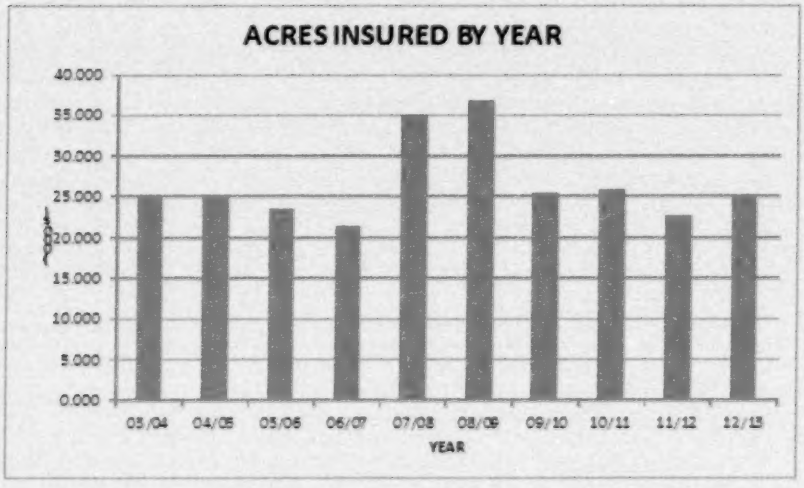
Quality Guarantee

Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain as well as weather.

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage, tree endorsement, and poultry, is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. The maximum discount shall be 50% and the maximum surcharge shall be 100%.

Other Programs:
The Nova Scotia Crop and Livestock Insurance Commission administers a compensation program to Nova Scotia farmers for losses to specified crops or livestock as a direct result of the activities of wildlife. There is no requirement for producers to be enrolled in Crop Insurance to obtain a compensation payment. The Province of Nova Scotia and the Government of Canada contribute 40% and 60% respectively for the cost for administration and compensation payments.



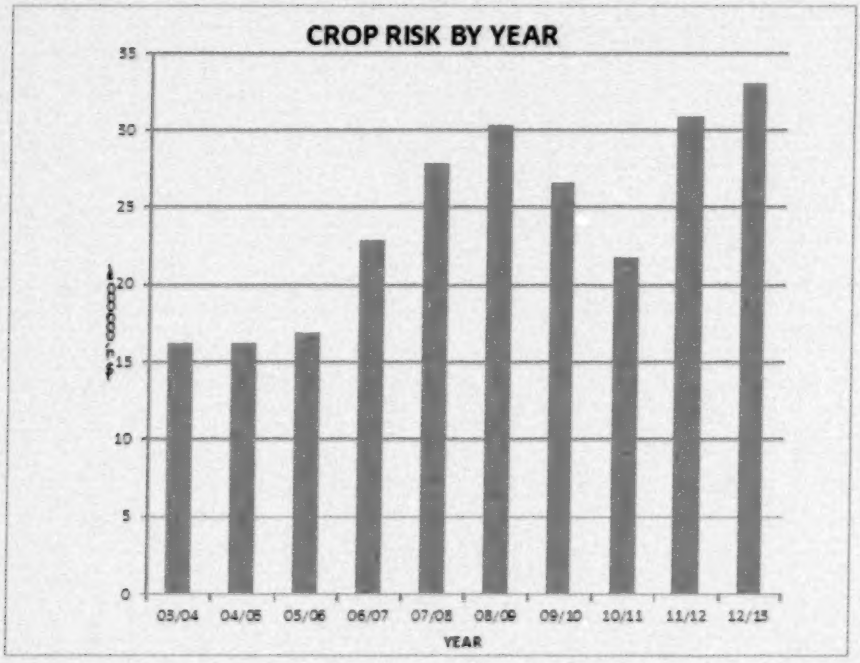
STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2012-13

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE	TOTAL PREMIUM	TOTAL INDEMNITIES
Spring Grain	32	628	$ 223,845.24	$ 26,079.57	$ 5,635.56
Tree Fruit	75	2,045	$14,910,534.23	$ 375,198.34	$ 250,469.97
Forage Est.	0	0	$ 0	$ 0	$ 0
Corn	68	3,872	$ 3,640,789.91	$ 176,522.41	$ 31,250.21
Blueberries	177	7,035	$ 8,726,428.05	$ 852,631.20	$ 476,311.80
Strawberries	4	25	$ 120,597.75	$ 18,916.42	$ 41,702.50
Raspberries	0	0	$ 0	$ 0	$ 0
Winter Grain*	11	213	$ 151,926.00	$ 15,534.99	$ 9,054.79
Potatoes	2	498	$ 649,159.50	$ 46,968.23	$ 133,553.36
Soybeans	30	1,482	$1,082,901.89	$ 61,680.06	$ 38,781.90
Vegetables	8	337	$ 854,245.66	$ 132,282.07	$ 247,357.01
Weather Derivative	24	8,448	$ 2,350,450.24	$ 129,729.57	$ 48,551.60
Maple	6	96,000 (Taps)	$ 200,598.00	$ 22,595.92	$ 0
Crop Summary	**438**	**120,620**	**$32,918,677.00**	**$ 1,858,588.78**	**$ 1,282,668.70**
	Herds	**Animals/Birds**			
Loss Income			$ 14,410,868.72	$ 0	$ 0
Livestock	115	21,570	$ 30,963,000.00	$ 40,732.89	$ 24,600.00
Poultry	121	48,124,847	$ 99,333,844.49	$ 25,177.01	$ 0
Totals		**48,146,417**	**$177,626,389.88**	**$ 1,924,498.68**	**$ 1,307,268.70**

* Winter Grain claims reflect crop year 2012.

SUMMARY OF CROP INSURANCE PLANS
(1969 - 70 to 2012 - 2013 CROP YEARS INCLUSIVE)

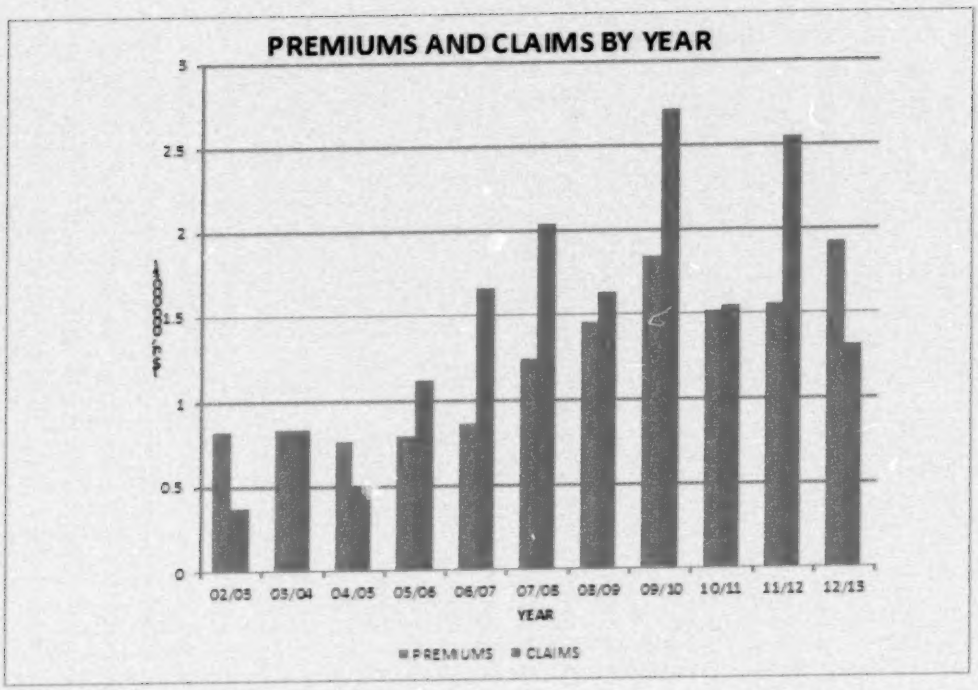
PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	44	1806	$1,744,830.12	$2,038,125.62	1.17
Winter Grain	43	375	$832,834.95	$898,141.09	1.08
Tree Fruit	43	654	$7,197,399.07	$6,628,564.89	0.92
Tree Rider	28	22	$349,557.41	$90,705.16	0.26
Tobacco	25	21	$767,809.39	$561,296.33	0.73
Corn	42	613	$2,513,062.22	$1,704,209.08	0.68
Peas & Beans	32	629	$3,140,338.94	$3,315,484.65	1.06
Blueberries	40	1268	$6,134,583.58	$8,061,318.28	1.31
Strawberries	39	132	$413,795.22	$617,934.32	1.49
Forage Est.	35	154	$105,839.26	$89,305.62	0.84
Soybeans	27	85	$396,527.05	$178,154.27	0.45
Potatoes	26	40	$1,274,943.34	$2,257,560.44	1.77
Raspberries	6	4	$1,429.44	$3,216.60	2.25
Forage Prod.	3	1	$16,983.20	$4,551.38	0.27
Vegetables	13	56	$1,433,410.43	$2,485,441.63	1.73
Weather Derivative	6	55	$651,952.72	$708,066.65	1.09
Maple	3	0	$78,376.15	$0.00	0.00
TOTAL		**5915**	**$27,053,672.49**	**$29,642,076.01**	**1.10**

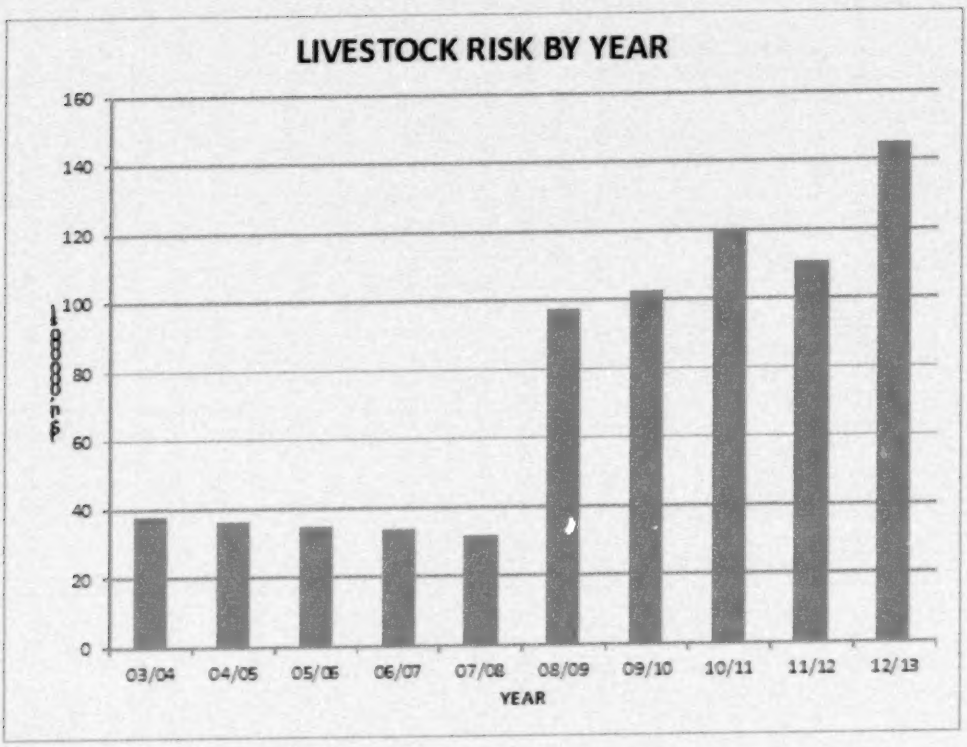


OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969-70 to 2012-2013 Crop Years Inclusive)

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2012-2013	438	33,018,952.19	1,858,435.46	1,283,964.39	0.69
2011-2012	446	30,958,118.69	1,541,396.80	2,410,913.00	1.56
2010-2011	501	21,661,518.92	1,453,641.52	1,517,820.84	1.04
2009-2010	574	33,352,632.88	1,793,088.60	2,654,096.74	1.48
2008-2009	504	30,332,865.07	1,445,680.16	1,620,386.29	1.12
2007-2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2003-2004	532	16,193,016.04	833,525.55	827,284.94	0.99
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
1998-1999	563	13,893,446.80	646,821.92	933,129.48	1.45
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
		$ 517,866,794.31	**$ 27,053,672.49**	**$2,942,076.01**	**1.10**

Since the program's implementation in 1969, for every dollar collected in premium $1.10 has been paid out in claims.


PREMIUMS AND CLAIMS BY YEAR
3
2.5
2
1.5
1
0.5
0
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
YEAR
PREMIUMS
CLAIMS


LIVESTOCK RISK BY YEAR
160
140
120
100
80
60
40
20
0
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11
11/12
12/13
YEAR

SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2013)

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2012-2013	115	21,570	40,732.89	24,600.00	0.60
2011-2012	105	16,579	27,710.12	139,426.40	5.03
2010-2011	115	17,782	33,048.94	28,400.00	0.86
2009-2010	116	17,701	32,090.80	55,600.00	1.73
2008-2009	122	17,934	31,403.59	32,600.00	1.04
2007-2008	128	18,163	30,051.17	174,473.03	5.81
2006-2007	131	17,790	28,564.70	17,000.00	0.60
2005-2006	140	18,670	30,530.51	10,800.00	0.35
2004-2005	148	19,807	33,767.77	4,000.00	0.12
2003-2004	165	20,749	34,980.83	47,640.00	1.36
2002-2003	179	21,769	32,864.20	30,144.00	0.92
2001-2002	184	21,640	20,858.02	14,210.00	0.68
2000-2001	182	20,252	19,538.76	197,632.22	10.11
1999-2000	203	21,531	17,108.54	17,400.00	1.02
1998-1999	212	22,087	17,475.34	55,104.68	3.15
1997-1998	232	22,857	17,797.26	44,679.34	2.51
1996-1997	240	22,801	25,891.18	47,960.58	1.85
1995-1996	252	22,866	26,219.52	7,270.22	0.28
1994-1995	263	23,053	26,720.66	6,400.00	0.24
1993-1994	231	20,572	24,979.34	16,400.00	0.66
1992-1993	242	21,224	26,093.76	3,752.66	0.14
1991-1992	259	22,739	28,987.80	17,157.20	0.59
1990-1991	282	23,771	30,883.99	7,600.00	0.25
1989-1990	217	26,221	35,295.12	10,130.00	0.29
1988-1989	313	25,913	35,507.84	7,639.50	0.22
1987-1988	306	25,500	39,104.26	3,200.00	0.08
1986-1987	300	24,705	38,929.11	17,593.05	0.45
1985-1986	265	22,662	39,200.03	36,775.90	0.94
1984-1985	219	18,263	42,042.80	14,459.00	0.34
1983-1984	209	18,037	43,820.40	3,400.00	0.08
1982-1983	205	17,253	42,423.00	21,133.16	0.50
1981-1982	249	20,480	53,326.15	16,120.35	0.30
1980-1981	284	22,817	77,919.61	53,089.50	0.68
1979-1980	403	29,491	86,731.88	60,501.10	0.70
1978-1979	352	26,121	59,198.14	31,744.50	0.54
Totals			$1,163,355.02	$1,276,036.39	**0.96**

Since the program was implemented in 1978, for every dollar collected from the insured farmer, $0.96 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 2012 - MARCH 31, 2013)

Insurable Perils	No. Animals	Total Claims Paid
1. Shipping Fever	23	$ 24,600.00
2. Reportable Diseases	0	0
3. Infectious Bovine Rhinotracheitis	0	0
4. Other	0	0
5. Loss of Income	0	0

CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2013)

Insurable Diseases	No. Animals	Total Claims Paid
1. Acute Mastitis*	108	$ 104,291.40
2. Shipping Fever	551	$ 631,865.54
3. Infectious Bovine Rhinotracheitis	58	$ 49,137.18
4. Brucellosis	2	$ 810.70
5. Loss of Income	0	$ 473,731.57
6. Other	14	$ 16,200.00
Total	**733**	**$1,276,036.39**

* This peril no longer covered

SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(OCTOBER 1, 2007 - MARCH 31, 2013)

Years	No. Insured Flocks	No. Insured Birds	Total Premium	Claims Paid	Loss Ratio
2012-2013	121	48,124,847	$ 25,177.01	$ 0.00	0.00
2011-2012	110	36.990,059	$ 21,682.81	$ 0.00	0.00
2010-2011	129	46,596,231	$ 21,976.35	$ 0.00	0.00
2009-2010	106	36,456,512	$ 27,244.76	$ 0.00	0.00
2008-2009	89	40,689,660	$ 11,999.38	$ 0.00	0.00
2007-2008	170	6,090,671	$ 1,739.15	$ 0.00	0.00
Total			**$109,819.46**		

SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(2007-2008 to 2012-13 POULTRY YEARS INCLUSIVE)

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler (CHK)	6	0	$44,936.26	0.00	0.00
Commercial Pullet (PUL)	6	0	$5,717.25	0	0
Broiler Breeder (BRB)	6	0	$11,134.36	0	0
Breeder Pullet (BRP)	6	0	$2,142.19	0	0
Commercial Layer (CLR)	6	0	$42,061.79	0	0
Integrated Layer (ILR)	6	0	$3,827.61	0	0
Total		**0**	**$109,819.46**	**$0.00**	**0.00**

SUMMARY OF WILDLIFE COMPENSATION
(MAY 8, 2008 - MARCH 31, 2013)

	No. Years	No. Commodities	No. Claims	Claims Paid
2012-2013	5	20	615	$ 81,765.00
2011-2012	4	20	508	$182,913.81
2010-2011	3	18	157	$201,201.13
2009-2010	2	18	129	$146,554.05
2008-2009	1	18	60	$109,868.03
Total				$722,302.02

SUMMARY OF WILDLIFE COMPENSATION
(2008-2013 WILDLIFE YEARS INCLUSIVE)

PLAN	No. Years	No. Claims	Claims Paid
Bees	5	52	$32,480.00
Beehive	5	63	$24,194.94
Hive Contents	5	9	$1,304.00
Beef Cow	5	4	$1,920.00
Beef Calf	5	43	$7,360.00
Beef Bull	5	0	$0.00
Beef Steer	5	2	$1,120.00
Lowbush Blueberries	5	40	$90,891.03
Strawberries	5	10	$72,226.39
Ewe	5	131	$34,340.00
Lamb	5	144	$29,655.00
Ram	5	13	$2,980.00
Tree Endorsement	5	5	$1,197.60
Apples	5	26	$250,810.46
Vegetable	5	11	$88,746.78
Corn Silage	5	33	$37,441.36
Grain Corn	5	15	$15,056.62
Soybean	5	9	$11,317.06
Grapes	2	2	$18,720.78
Kid	2	1	$60.00
Doe	2	2	$480.00
TOTAL		**615**	**$722,302.02**

2012-13 Summary

The Commission wrote $177.6 million in coverage in 2012-13. This represented a 26% increase in coverage over the previous year. Insurance coverage was broken down as 19% for crops, 25% for dairy and 56% for poultry. The total premium collected was $1.924 million, which represented a 21% increase over the previous year. This increase was mainly a result of increased premium collected for crops due to stronger commodity prices and an increase in blueberry, corn, potato, vegetable, and weather derivative acreage.

The 2012 cropping season saw very good growing conditions for most crops. For annual crops planting began 2-3 weeks ahead of normal. Many forage producers were able to complete their 1st cut of forage by late May or the first of June. July began very dry and remained so into mid-August stressing some crops, particularly in the Valley region.

The cropping conditions in 2012 resulted in the payment of 98 indemnity payments to insured clients totaling $1.307 million. These indemnity payments were 45% less than the previous year and more typical of an average loss rate across all insured crops. The payments made in 2012 represented a significant amount of support to producers to help manage some of the natural risks they faced on their farms. For 2012-13 the largest payments were made to lowbush blueberry ($476,312.), tree fruit ($250,470.), vegetables ($247,357.), potatoes ($133,553.), weather derivative ($48,552.) and strawberries ($41,703.).

Dairy livestock indemnity payments in 2012 totaled $24,600. There were no indemnity payments made in the Poultry ILT Plan. In it's 5th year of operation the Canada Nova Scotia Wildlife Compensation Program made payments for 107 claims totaling $81,765. This represented a decrease of 55% compared to the previous year.

The Commission continued with its developmental work to expand the insurance options available to Nova Scotia producers to assist them with risk management options on their farms. The Commission was successful in achieving most of the priorities set out in its 2012-13 Business Plan. These included:

- Inclusion of day neutral strawberries as an insurable crop in the Strawberry Plan.
- Initiating changes to the seeding dates and agronomic zones in the Winter Grain Plan.
- Permanently reducing the crop averaging period in the Tree Fruit Plan from 15 to 10 years.
- Consultations began with potato growers to make changes to this plan that would allow for early season potato coverage.
- Research was initiated into possible development of an Acreage Loss Insurance Plan including initial consultation with organic growers.

- Offered to work on potential plan development with both the grape and bee sectors.

- Participated in a Stakeholder Working Group regarding wildlife issues, including the Commissions Wildlife Compensation Program.

The Commission also worked to address several administrative priorities, including:

- Participation in national level AgriInsurance Policy and Program design discussions leading up to Nova Scotia's ratification of the FPT Growing Forward 2 Agreement.

- Refocused resources internally aimed at improving the Commissions Information Technology Infrastructure. Gains were made in addressing a number of reliability and security issues in 2012-13.

- Promoted AgriInsurance within the province at industry events and Trade Shows. Conducted a Client Survey which provided valuable feedback to inform program improvements both in policy and administrative practices.

- In consultation with the Federal government, the Commission worked on language for a 2011 Operational Document, however this was not completed as of March 31, 2013.

TABLE 1. ESTIMATE - ACTUAL 2012-13

	Estimate 12-13 (000)s	Actual 12-13 (000)s
Revenues		
Insurance Premiums Paid by Clients	818	866
Insurance Premiums Contributed by Govt (Federal)	736	629
Wildlife Compensation Payments (Federal)	150	49
Insurance Premiums Contributed by Govt (Provincial)	491	419
Wildlife Compensation Payments (Provincial)	100	33
Interest Income	80	78
Total Revenues	**2,375**	**2,074**
Expenses		
Indemnity Claims	1,800	1,308
Wildlife Compensation Payments	250	82
Reinsurance Premiums	0	0
Bad Debt Expense	5	34
Total Expenses	**2,055**	**1,424**
Net Income From Insurance Activities	**320**	**650**
Net Income From All Activities	**320**	**622**
Crop and Livestock Insurance Fund Balance		
Beginning of Year	3,751	3,751
End of Year	4,071	4,373
Administrative Expenses		
Government Contributions (Canada)	604	524
Government Contributions (Nova Scotia)	437	349
Total Administrative Expenses	**1,041**	**873**
Net Govt Expenditure		
Canada (Premium + Administration)	1,490	1,202
Nova Scotia (Premium + Administration)	1,028	801
Total Program Expenditure	**2,518**	**2,003**

PERFORMANCE MEASURES

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products to the agriculture sector. As one of the pillars of Canada's financial system, insurance plays a key role in stabilizing business incomes by providing opportunities to manage or transfer risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes, and by doing so, support the economic growth of the province.

	Measure	Base/Target (2004-05)	Target 2012-13	Future Direction Target 12-13*	Actual As of March 31/13
1.	Number of Farms Using Production Insurance	600	700	700	674
2.	Value of Insurance Coverage Written: The total dollar value of risk the Commission has accepted from its clients.	*(Millions)* 52.5	*(Millions)* 140	*(Millions)* 140	*(Millions)* 177.6
3.	Aggregate Coverage Level: The % of total insurable value covered by the program.	80%	87%	87%	85%
4.	Number of Insurance Products Available	14	16	16	16 (Includes Dairy & Poultry)
5.	Value of Compensation Paid for Wildlife Damage	N/A	$250,000	$260,000	$81,675

* *2012-13 marks the end of Growing Forward, a Federal Provincial Territorial Framework Agreement on agriculture, agri-food and agri-based products policy and will be the basis for new Base Targets beginning in 2013-14 under Growing Forward 2.*

Comments:

1. This measure fell just short of the target due primarily to fewer clients enrolling in spring grain, potatoes, weather derivative and dairy plans. As a voluntary, demand driven program, this measure does indicate increasing interest in AgriInsurance program features from the start of Growing Forward

2. This measure surpassed the target by 27% mainly due to increased coverage in blueberries and soybeans. A significant portion of the increase, $9M was however due to reporting differences in the Tree endorsement Plan. Increases in coverage are the result of increased production and stronger prices for some commodities.

3. While lower than the Target Values this measure has been approaching the maximum coverage permitted (90%) for several years. Fluctuations are primarily attributed to clients choosing lower coverage levels to reduce the costs of their insurance.

4. While new crops have been added to existing plans, the actual number of plans offered has not changed dramatically over time. Several potential new plans are being researched with industry consultation.

5. This measure has been trending down over the last 2-3 years, with a significant drop in 2012-13. A combination of low reporting, and reduced damage may be contributing to this decline.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2013

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2013

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Nova Scotia

Office of the Auditor General

1888 Brunswick Street, Suite 302
Halifax, Nova Scotia
B3J 3J8 Canada

902 424 5907 tel
902 424 4350 fax
www.oag-ns.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of the Nova Scotia Crop & Livestock Insurance Commission:

Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia Crop & Livestock Insurance Commission, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and changes in fund balances, changes in net financial assets, and cash flows for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for the public sector and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

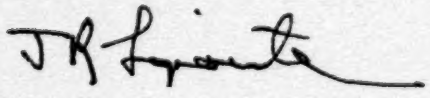
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in our audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2013, and the results of operations, changes in net financial assets, and its cash flows for the year ended March 31, 2013, in accordance with Canadian generally accepted accounting principles for the public sector.



Jacques Lapointe, CA
Auditor General

June 27, 2013
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013

	2013	2012
Financial Assets		
Cash	$ 116,613	$ 378,395
Investments (Note 3)	4,095,976	3,226,907
Receivable, trade (net of allowance of $55,295)	201,735	173,114
Accrued interest receivable	5,223	3,598
	4,419,547	3,782,014
Liabilities		
Deferred revenue	38,216	29,415
Deposits for insurance	8,116	13,170
Unsettled indemnities (Note 4)	-	15,837
	46,332	58,422
Net Financial Assets	4,373,215	3,723,592
Non-financial Assets		
Tangible capital assets (Note 5)	353	27,863
Fund Balances	$ 4,373,568	$ 3,751,455

Contingency (Note 16)

On Behalf of the Commission

Director

Director

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2013

	Budget	Funds Crop	Funds Livestock	Funds General	Total 2013	Total 2012
Revenue						
Insurance premiums (Schedule A)	$ 2,295,000	$ 1,858,167	$ 57,017	$ 81,765	$ 1,996,949	$ 1,771,733
Interest income	80,000	65,217	12,652	-	77,869	83,569
	2,375,000	1,923,384	69,669	81,765	2,074,818	1,855,302
Expenses						
Indemnity claims (Schedule A)	2,050,000	1,283,964	24,600	81,765	1,390,329	2,735,172
Bad debt (recovery) expense	5,000	34,202	-	-	34,202	-
Administrative expenses (Note 8) (Schedule B)	1,041,000	836,315	17,460	19,237	873,012	879,456
Amortization of capital assets	-	-	-	24,292	24,292	9,956
Gain/loss on disposal of capital assets	-	-	-	3,218	3,218	-
Miscellaneous	-	664	-	-	664	-
	3,096,000	2,155,145	42,060	128,512	2,325,717	3,624,584
Surplus (deficiency) before Government contributions	(721,000)	(231,761)	27,609	(46,747)	(250,899)	(1,769,282)
Government contributions (Note 7)	1,041,000	836,315	17,460	19,237	873,012	894,438
Net surplus (deficiency)	$ 320,000	604,554	45,069	(27,510)	622,113	(874,844)
Fund balances, beginning of year		2,745,763	977,829	27,863	3,751,455	4,626,299
Fund balances, end of year (Note 6)		$ 3,350,317	$ 1,022,898	$ 353	$ 4,373,568	$ 3,751,455

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
Net Financial Assets, beginning of year	$ 3,723,592	$ 4,603,474
Changes in the year		
(Deficit) Surplus	622,113	(874,844)
Acquisition of tangible capital assets	-	(14,994)
Amortization of tangible capital assets	24,292	9,956
Disposal of tangible capital assets	3,218	-
Total changes in the year	649,623	(879,882)
Net Financial Assets, end of year	$ 4,373,215	$ 3,723,592

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
Operating Activities		
Net surplus (deficiency)	$ 622,113	$ (874,844)
Amortization of tangible capital assets	24,292	9,956
Net change in non-cash working capital balances related to operations (Note 9)	(42,336)	15,874
Cash provided by (used in) operating activities	604,069	(849,014)
Capital Activities		
(Purchase) disposal of tangible capital assets	3,218	(14,994)
Cash used in capital activities	3,218	(14,994)
Investing Activities		
Proceeds on sale (acquisition) of investments	(869,069)	1,146,750
Cash provided by (used in) investing activities	(869,069)	1,146,750
Increase (decrease) in cash during year	(261,782)	282,742
Cash, beginning of year	378,395	95,653
Cash, end of year	$ 116,613	$ 378,395

See accompanying notes to the financial statements

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 3(1) of the Nova Scotia Crop and Livestock Insurance Act (Act). Section 8(1) of the Act establishes Funds which are in the custody and control of the Commission to be used to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, that for the purposes of the Commission's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These financial statements are prepared using the following significant accounting policies:

Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets estimated useful life, which for office furniture and equipment is five years and for computer hardware and software is two years. At April 1, 2012, the estimated useful life of computer hardware and software reduced from either five or ten years to two years. As at April 1, 2012, the Commission also increased the threshold of tangible capital assets to $1,500. The changes in estimated useful life and capitalization threshold have been applied prospectively. These changes resulted in the recognition of $24,292 in amortization expense for the year ended March 31, 2013.

Revenues

Revenue is recorded on the accrual basis. The main components of revenue are insurance premiums, interest income, and government grants for insurance premiums and administrative expenses. Government grants for insurance premiums and administrative expenses are recognized as revenue in the period during which the grants are authorized and eligibility criteria are met, except when and to the extent the transfer includes stipulations that give rise to an obligation that meets the definition of a liability. The Commission receives contributions from the Province of Nova Scotia for the purchase of assets which is recognized in revenue upon acquisition.

Financial Instruments

The Commission's financial instruments consist of investments in promissory notes, accounts receivable, deferred revenue, and deposits for insurance. The Commission measures its financial instruments at cost or amortized cost.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Investments

The Commission invests excess funds to be used to pay future indemnity claims. At March 31, 2013 these funds were invested in various promissory notes maturing in fiscals 2014 and 2016, with yields from 1.17% to 2.802%.

4. Provision for payment of unsettled indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year-end have been estimated and recorded as a liability in the financial statements, with the exception of indemnities for Winter Grain (see Note 16).

5. Tangible capital assets

	2013	2012
Cost of Equipment		
Opening cost	$ 148,292	$ 133,298
Additions	-	14,994
Disposals	(109,744)	-
Closing cost	38,548	148,292
Accumulated amortization		
Opening balance	120,429	110,473
Disposals	(106,526)	-
Amortization expense	24,292	9,956
Closing balance	38,195	120,429
Net book value	$ 353	$ 27,863

6. Fund balances

The Livestock Fund balance consists of dairy livestock insurance of $915,838 (2012 - $896,275) and poultry insurance of $107,060 (2012 - $81,554). A claim for indemnity under either the Dairy Livestock Insurance Plan or the Poultry Insurance Plan is limited to the extent of the assets in the Livestock Insurance Fund balance held by the Commission.

The General Fund includes wildlife compensation.

7. Government contributions

Insurance premiums

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. If an insurance premium contains a high-cost portion, the Federal and Provincial governments pay a reduced proportion of the high-cost portion of the insurance premium. The proportion of the insurance premium that is high-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance programs or in non-refundable deposits.

Administrative expenses

For the 2013 fiscal year, the Federal government contributed 60% (2012-60%) of the total administrative expenses for the crop insurance program, with the Provincial government funding the remainder. The Provincial government funds all of the administrative costs of the livestock and poultry insurance programs.

Wildlife program

The administrative expenses of the wildlife insurance plan are funded 60% by the Federal government and 40% by the Provincial government.

8. Administrative expenses

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife plan are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock, poultry and wildlife plans, are allocated to the crop insurance plan.

9. Net change in non-cash working capital balances related to operations

	2013	2012
Increase (decrease) in cash from changes in:		
Receivables	$ (28,621)	$ 3,929
Accrued interest receivable	(1,625)	(1,131)
Deposits for insurance	(5,054)	973
Unsettled indemnities	(15,837)	15,837
Deferred revenue	8,801	(3,734)
	$ (42,336)	$ 15,874

10. Financial instruments

The Commission is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Commission has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Commission does not have a significant exposure to any individual client. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks.

11. Related party transactions

Administrative expenses include $30,000 (2012 - $30,000) for rent and $44,240 (2012 - $44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture.

12. Economic dependence

The Commission is economically dependent upon the ongoing and future funding of the Nova Scotia and Federal governments.

13. Insurance coverage

The total insurance coverage issued during the 2012 - 2013 fiscal year was $177,713,429 (2012 - $141,185,132), comprised of crop insurance of $33,005,716 (2012 - $30,877,363), livestock insurance of $45,373,869 (2012 - $33,553,771) and poultry insurance of $99,333,844 (2012 - $76,753,998).

14. Statement of remeasurement gains and losses

The Commission has no remeasurement gains or losses therefore, no statement of remeasurement gains or losses has been provided.

15. Pension and post-retirement benefits

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability or other obligations related to post-retirement benefits. The pension expense incurred in the current year was $40,584 (2012 - $47,266).

16. Contingent liabilities

Winter grain

Winter Grain is planted in the fall, but not harvested until the following fall. Therefore yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crops yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

Re-insurance premiums

The Province was party to an agreement with the Government of Canada whereby the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund was to assist the Province of Nova Scotia when there was a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund had been recorded by the Province as a loan receivable totaling $709,345 from the Commission. As of March 31, 2013, this amount has been resolved and no longer is an issue between the Commission and the Province. This amount has been assumed by the Province.

17. Public Sector Compensation Disclosure Act

Under the Public Sector Compensation Disclosure Act, all organizations which are part of the Government Reporting Entity must disclose all compensation paid to any person that is greater than $100,000. There are no amounts to disclose under this Act.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2013

SCHEDULE A

	Premium Revenue					Indemnity Claims	
	Producer	Federal	Provincial	2013	2012	2013	2012
Crop Insurance							
Spring grain	$ 12,303	$ 8,299	$ 5,532	$ 26,134	$ 24,799	$ 5,636	$ 31,511
Winter grain	6,833	5,325	3,550	15,708	18,371	9,055	9,410
Tree fruit	140,569	140,778	93,852	375,199	384,883	250,470	437,640
Corn	70,609	63,548	42,365	176,522	107,502	31,250	72,351
Weather derivative	53,807	48,426	32,284	134,517	121,159	49,847	211,966
Blueberries	396,948	270,197	180,131	847,276	626,412	476,311	1,237,105
Strawberries and raspberries	9,440	5,686	3,791	18,917	16,623	41,703	51,684
Maple	9,038	8,135	5,423	22,596	27,228	-	-
Forage	147	133	88	368	130	-	-
Soybeans	24,672	22,205	14,803	61,680	61,378	38,782	8,260
Potatoes	18,787	16,909	11,272	46,968	29,992	133,553	90,324
Vegetables	66,284	39,599	26,399	132,282	119,767	247,357	262,581
	809,437	629,240	419,490	1,858,167	1,538,244	1,283,964	2,412,832
Livestock Insurance							
Livestock	32,202	-	-	32,202	28,795	24,600	139,426
Poultry	24,815	-	-	24,815	21,780	-	-
	57,017	-	-	57,017	50,575	24,600	139,426
Wildlife Compensation	-	49,059	32,706	81,765	182,914	81,765	182,914
Total	$ 866,454	$ 678,299	$ 452,196	$ 1,996,949	$ 1,771,733	$ 1,390,329	$ 2,735,172

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
EXPENSES
FOR THE YEAR ENDED MARCH 31, 2013

SCHEDULE B

	Insurance			Totals	
	Crop	Livestock	General	2013	2012
Personnel	$ 648,097	$ 13,445	$ 10,730	$ 672,272	$ 670,036
Transportation and communication	59,187	1,325	5,723	66,235	58,616
Information	8,116	175	462	8,753	7,365
Professional and special services	35,948	756	1,077	37,781	39,158
Office accommodation and equipment rental	32,826	686	769	34,281	45,546
Repair and maintenance of equipment	54	1	-	55	2,067
Materials and supplies	2,619	63	476	3,158	3,247
Minor equipment purchases	6,072	124	-	6,196	9,181
Central government services	43,396	885	-	44,281	44,240
Total Administrative Expenses (Note 8)	836,315	17,460	19,237	873,012	879,456
Gain/loss on disposal of capital assets	-	-	3,218	3,218	-
Miscellaneous	664	-	-	664	-
	664	-	3,218	3,882	-
Indemnity claims – Schedule A	1,283,964	24,600	81,765	1,390,329	2,735,172
Bad Debts	34,202	-	-	34,202	-
Amortization	-	-	24,292	24,292	9,956
	1,318,166	24,600	106,057	1,448,823	2,745,128
TOTAL EXPENSES	**$ 2,155,145**	**$ 42,060**	**$ 128,512**	**$ 2,325,717**	**$ 3,624,584**